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# South Florida Water Management District

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## Minutes AUDIT and FINANCE COMMITTEE

*This meeting is open to the public*

October 9, 2007

1:00 P.M.

B-1 Headquarters – Storch Room

3301 Gun Club Road

West Palm Beach, Florida 33406

All or part of this meeting may be conducted as a teleconference in order to permit maximum participation of Governing Board members.

*The order of items appearing on the agenda is subject to change during the meeting and is at the discretion of presiding officer. Public comment will be taken after each presentation and before any Governing Board action(s) except for Governing Board hearings that involve the issuance of final orders based on recommended Orders received from the Florida Division of Administrative Hearings.*

Audit & Finance Committee members present:

Charles Dauray, Chairman  
Mike Collins  
Shannon Estenoz  
Patrick Rooney, Jr.  
Harkley Thornton (arrived at 1:07 pm)

1. Call to Order

Chair Dauray called the meeting to order at 1:03 pm.

2. Agenda Changes/Additions/Deletions

There were no changes to the agenda.

3. Approval of Minutes of September 25, 2007 Audit and Finance Committee Meeting

- **Motion made by Michael Collins, seconded by Shannon Estenoz to approve the following item :(3). Vote called. Voting yes: Charles Dauray, Shannon Estenoz, Patrick Rooney, Michael Collins. Not present: Harkley Thornton. Motion passed.**

4. Audit of the Alternative Water Supply Program's Funding Process - Jankie Bhagudas, Lead Consulting Auditor, Office of Inspector General (15 min. presentation /10 min. discussion).

Jankie Bhagudas, Lead Consulting Auditor, presented information on the Alternative Water Supply Program's Funding process. Ms. Bhagudas reported on the funding history for alternative water

supply projects and the changes due to Senate Bill 444. Ms. Bhagudas reported on the audit objectives, the audit methodology and the audit results. There were five recommendations:

1. Ensure that all evaluations of statutory requirements are adequately documented.
2. Require that funding calculations be double checked by another staff and rounded to the nearest hundred dollars.
3. Instruct project managers to ensure that fund recipients submit adequate supporting documentation and carefully review the documentation to ensure that payments by the District are adequately substantiated.
4. Ensure there is sufficient documentation to substantiate the process for establishing funding amounts for all projects.
5. Seek reimbursement of funds from the utility for overpayment made by the District for the unallowable expenditures.

Mr. Collins provided comment on auditing and compliance monitoring.

Mr. Olliff reported on the new positions for FY08 and contract monitoring.

Ms. Estenoz asked about \$190,000 of excess funding.

Mr. Merriam reported on the funding process for Jupiter Utilities and their alternative water supply project.

Mr. Collins provided comment on policy and Board discretion, plus legislative leadership.

Mr. Merriam reported on the transitional program.

Mr. John Williams requested language to be incorporated into the policy to allow for flexibility under certain circumstances..

The audit's overall conclusion is that the program is being administered in compliance with State laws and District guidelines.

5. Audit of Monitoring of Water Use Permits - Jankie Bhagudas, Lead Consulting Auditor, Office of Inspector General (10 min. presentation /10 min. discussion)

Ms. Bhagudas presented information on the audit of monitoring water use permits. Ms. Bhagudas reported on the two main categories of permits, individual and general. Ms. Bhagudas reported on the audit objectives, the audit methodology and the audit results. There were five recommendations:

1. Supplement the Water Use compliance Units' staffing levels to improve compliance with water use permit limiting conditions and to increase analyses of data submitted by permit holders.
2. Develop a plan that would improve the integrity of the data contained in the Water Use Compliance database.
3. Re-evaluate the operations of the Water Use Compliance Unit and require that greater emphasis be placed on utilizing the Water Use Compliance database reports to identify and resolve non-compliant permits.
4. Implement procedures to increase the number of notices of non-compliance being sent to permit holders and the number of cases referred for enforcement action.
5. Ensure that information received from the other WMDs is analyzed by the Compliance Unit.

Mr. Dauray commented on the enforcement process and issuing permits.

Mr. Merriam reported that the Compliance staff has been moved to the Environmental Resource Permitting Department. Mr. Merriam also reported on data collection information and the new five positions for FY08.

Mr. Dauray commented on future water use permits.

Ms. Estenoz reported on water allocation and the permitting program. She supports staff's recommendation for the additional positions.

Mr. Dauray asked about the increase of costs of water permits.

Mr. Merriam provided additional information on staff time and the monitoring wells.

Mr. Collins reported on monitoring wells and wetland impacts. Mr. Collins said this is a good program.

Mr. Merriam reported on the BMP programs.

Ms. Estenoz discussed concerns about public utilities complying with permits.

6. Proposed FY 2008 Audit Plan - John W. Williams, Inspector General and Tim Beirnes, Director of Auditing; Office of Inspector General (15 min. presentation / 20 min. discussion)

Tim Beirnes, Director of Auditing, presented information on the planning approach, the carryover audits from 2007, the ongoing audit projects, and the proposed audits for 2008.

Mr. Collins requested the total costs pertaining to the implementation of SAP.

Mr. Collins discussed on-going audit projects.

Ms. Estenoz asked about the time constraints for whistle blower complaints.

Mr. Williams provided additional comment on these time constraints.

Mr. Williams requested approval of the FY08 Audit Plan.

- **Motion made by Shannon Estenoz, seconded by Patrick Rooney to approve the following item:(6). Vote called. Voting yes: Charles Dauray, Shannon Estenoz, Patrick Rooney, Michael Collins, Harkley Thornton. Motion passed.**

7. Inspector General's Quarterly Report – John W. Williams, Inspector General, (10 min. presentation / 10 min. discussion)

Mr. Williams provided the Inspector General's Quarterly report to the Committee members.

Mr. Williams reported on the follow up reviews and said the Committee might like these reports quarterly instead of annually.

Ms. Estenoz said semi-annually would be sufficient. Mr. Collins agreed semi-annually would be sufficient.

8. Certificates of Participation Presentation - Paul E. Dumars, Sr., Chief Financial Officer (15 min. presentation / 15 min. discussion)

Paul Dumars, Chief Financial Officer, presented information on the Certificates of Participation (COPs) which included the funding strategy, structure, benefit comparison and security of COPs. Mr. Dumars reported on the status and successes of COPs.

Mr. Collins discussed the board’s decision making process on COPs.

- 9. Acceler8 Presentation/Everglades Agricultural Area A-1 Reservoir Construction - Ken Ammon, Deputy Executive Director of Everglades Restoration, Tommy Strowd, Assistant Deputy Executive Director of Everglades and John W. Williams, Inspector General, Office of Inspector General (15 min. presentation / 15 min. discussion)

Tommy Strowd, Assistant Deputy Executive Director, Everglades Restoration provided an update on the construction of the EAA Reservoir A-1. Mr. Strowd reported on the remaining guaranteed-medium prices (GMPs) for the future.

- 10. Old Business/New Business – Charles Dauray, Audit & Finance Committee Chair

There was no old/new business for discussion.

Adjourn

Chair Dauray adjourned the meeting at 3:00 pm.

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Charles Dauray  
Chairman  
Audit and Finance Committee

Recorded By:

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Cathy Widness  
Administrative Assistant Senior  
Governing Board and Executive Services  
SFWMD